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**To: Renfrewshire Integration Joint Board Audit Committee**

**On: 16 September 2016**

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**Report by: Chief Finance Officer**

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**Heading: IJB Audited Annual Accounts 2015/16**

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## **1. Summary**

- 1.1 Each year the IJB's external auditors (Audit Scotland) will carry out an audit of the IJB's financial statements and provide an opinion as to whether those statements provide a fair and true view of the financial position of the IJB and its income and expenditure for the year; and also whether they have been prepared in accordance with the Local Government (Scotland) Act 1973.
  - 1.2 In accordance with International Auditing Standards (ISA260), Audit Scotland are obliged to report to those charged with the governance of the organisation, matters which have arisen in the course of the audit.
  - 1.3 The attached report from Audit Scotland outlines their findings from the audit of the 2015/16 IJB's financial statements.
  - 1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the IJB must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30 September. In order to comply with these requirements, the audited financial statements will be presented to the IJB for approval at its meeting of 16 September 2016.
  - 1.5 Brian Howarth (Assistant Director) and Anne McGregor (Senior Audit Manager), both from Audit Scotland, will attend the IJB's Audit Committee to speak to their report. The 2015/16 Annual Accounts were submitted to the IJB for approval on 24 June 2016 and then submitted for audit to Audit Scotland.
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## **2. Recommendation**

- 2.1 Members are asked to note the Audit Scotland reports attached.
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## **Implications of the Report**

- 1. **Financial** – The financial statements demonstrate that the IJB has managed its financial affairs within the resources available.
- 1. **HR & Organisational Development** – none
- 2. **Community Planning** – none

3. **Legal** – An audit opinion free from qualification demonstrates the IJB’s compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
  4. **Property/Assets** – none
  5. **Information Technology** – none
  6. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the IJB’s website.
  7. **Health & Safety** – none
  8. **Procurement** – none
  9. **Risk** – none
  10. **Privacy Impact** – none
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#### **List of Background Papers – None**

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**Author:** Sarah Lavers, Chief Finance Officer

Renfrewshire Health and Social  
Care Integration Joint Board  
c/o Renfrewshire Council  
Cotton Street  
Paisley  
PA1 1JB

13 September 2016

## Renfrewshire Heath & Social Care Integration Joint Board 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report by 19 September 2016 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Proper Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Proper Officer with the signed financial statements prior to the independent auditor's opinion being certified.



## APPENDIX A: Proposed Independent Auditor's Report

### Independent auditor's report to the members of Renfrewshire Health and Social Care Integration Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Health and Social Care Integration Joint Board for the nine months ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Respective responsibilities of the chief finance officer and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the chief finance officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the chief finance officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the nine months then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Brian Howarth  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2016

## APPENDIX B: Letter of Representation (ISA 580)

Brian Howarth, Assistant Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

16 September 2016

Dear Brian

### **Renfrewshire Health and Social Care Integration Joint Board Annual Accounts 2015/16**

1. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Health and Social Care Integration Joint Board for nine months 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Health and Social Care Partnership, as at 31 March 2016 and its comprehensive net expenditure for the period then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of senior officers and the Audit Committee, the following representations given to you in connection with your audit of Renfrewshire Health and Social Care Integration Joint Board for the nine months ended 31 March 2016.

### **General**

3. I acknowledge my responsibility and that of Renfrewshire Health and Social Care Integration Joint Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Renfrewshire Health and Social Care Integration Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Management Commentary, Annual Governance Statement and Remuneration Report, presents a balanced picture of Renfrewshire Health and Social Care Integration Joint Board and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003 and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Renfrewshire Health and Social Care Integration Joint Board for the period ended 31 March 2016.

### **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the accounting policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The Board has assessed Renfrewshire Health and Social Care Integration Joint Board's ability to carry on as a going concern, as identified in the Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Events Subsequent to the Date of the Balance Sheet**

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

### **Corporate Governance**

14. I acknowledge as Chief Finance Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, which require disclosure.



## **Fraud**

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **Liabilities**

17. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

## **Carrying Value of Assets and Liabilities**

18. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There are no plans or intentions that are likely to affect the carrying value or classification of the assets and liabilities within the financial statements.

## **Provisions**

19. Provisions have been assessed for the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2016 and of which Renfrewshire Health and Social Care Integration Joint Board could reasonably be expected to be aware. No provisions are included for 2015/16.

Yours sincerely

Sarah Lavers  
Chief Finance Officer (proper officer)





# Renfrewshire Health & Social Care Integration Joint Board

Proposed 2015/16 Annual  
Audit Report to members  
and the Controller of Audit

Date: 13 September 2016

# Key contacts

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively ([www.audit-scotland.gov.uk/about/](http://www.audit-scotland.gov.uk/about/)).

Brian Howarth, Assistant Director, Audit Scotland is the engagement lead of Renfrewshire Health and Social Care Integration Joint Board for the year 2015/16.

This report has been prepared for the use of Renfrewshire Health and Social Care Integration Joint Board and no responsibility to any member or officer in their individual capacity or any third party is accepted.

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# Key messages

## Audit of financial statements

- We have completed our audit of the Renfrewshire Heath and Social Care Integration Joint Board and issued an unqualified independent auditor's report on the 2015/16 financial statements.
- The costs of providing integrated functions and managing the Board in the period from 27 June 2015 to 31 March 2016 totalled £267k. Costs were equally shared and fully funded by the partner organisations.
- The Scottish Government's timetable for confirmation of NHS budgets meant that Renfrewshire Heath and Social Care Integration Joint Board had to set its 2016/17 budget in advance of agreement of the health board's settlement.
- At the end of July 2016 Renfrewshire Heath and Social Care Integration Joint Board is projecting a £1.378 million overspend and at present there are no plans as to how savings can be achieved to bridge this gap in 2016/17.

## Financial management & sustainability

## Governance & transparency

- Important elements of the Board's governance framework were put in place in 2015/16: standing orders and financial regulations; appointment of internal auditors; a risk management strategy and risk register.
- Board papers are available on the Renfrewshire Council website.

## Best Value

- The Board has approved a performance management framework as required by the Public Bodies (Joint Working) (Scotland) Act 2014
- The Board's annual strategic plan has not been agreed yet, due to the budget not being agreed. The plan outlines the partnership's vision, mission and values and the Board is working to the draft strategic plan.

# Introduction

1. In October 2015 the Accounts Commission approved the appointment of Audit Scotland as external auditors of Renfrewshire Health & Social Care Integration Joint Board. Our audit appointment is for the period to 31 March 2016, the first accounting period for which the Renfrewshire Integration Joint Board is required to prepare financial statements. The report is divided into sections which reflect our public sector audit model.
2. This report is a summary of our findings arising from the 2015/16 audit of Renfrewshire Health & Social Care Integration Joint Board (the IJB).
3. Management is responsible for:
  - preparing financial statements which give a true and fair view
  - implementing appropriate internal control systems
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
4. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

5. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
6. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in March 2016. It summarises the assurances provided by management to demonstrate that risks are being addressed and records the conclusions of our audit work.
7. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers considered the issues and agreed to take steps to address them. The Board should ensure it has a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# Audit of the 2015/16 financial statements

<b>Audit opinion</b>	<ul style="list-style-type: none"><li>• We have completed our audit and issued an unqualified independent auditor's report.</li></ul>
<b>Going concern</b>	<ul style="list-style-type: none"><li>• The financial statements were prepared on the going concern basis.</li><li>• We concur with management's view that the going concern assumption remains appropriate.</li></ul>
<b>Other information</b>	<ul style="list-style-type: none"><li>• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.</li></ul>



## Submission of financial statements for audit

10. The financial statements were prepared in accordance with the Local Government (Scotland) 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
11. We received the unaudited financial statements of the IJB on 24 June 2016. This was in accordance with the timetable set out in our 2015/16 Audit Plan.
12. The working papers were of a good standard and finance staff provided good support to the audit team which assisted the delivery of the audit by the deadline.

## Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our 2015/16 Annual Audit Plan which was issued to the Chief Officer and Chief Finance Officer in March 2016.
14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

15. During the planning phase of our audit we identified a number of risks and reported these to you in our Annual Audit Plan along with the work we proposed doing in order to obtain appropriate levels of assurance. Appendix I sets out the significant audit risks identified and how we addressed each risk.
16. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

## Local Authority Accounts (Scotland) Regulations 2014

17. These regulations apply to the statutory annual accounts. Local Government Finance Circular 7/2014 provides guidance on how these regulations should apply. We noted that the IJB complied with the regulations.

## Materiality

18. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
19. We summarised our approach to materiality in our 2015/16 Annual Audit Plan. We revised our planning materiality for 2015/16 on



receipt of the unaudited accounts to £2,670 (or 1% of gross expenditure).

those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

## Evaluation of misstatements

20. The audit identified some presentational adjustments which were discussed and agreed with management. None of these had an impact on the statement of income and expenditure reported to the Board on 24 June 2016 when the unaudited accounts were presented for consideration.

## Significant findings from the audit

21. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit. The following table details

Table 1: Significant findings from the audit

### Significant findings from the audit in accordance with ISA260

#### Estimated printing costs

22. The accounts included £10k for printing costs for preparing the strategic plan. This cost was based on an estimate provided by finance staff. The amount is greater than materiality but we considered it to be reasonable.

## Future accounting and auditing developments

### Audit appointment from 2016/17

23. External auditors are appointed for a five year term either from Audit Scotland or a private firm of accountants. The procurement process for the new round of audit appointments was completed in March 2016. As a result of this process, Audit Scotland will be continuing as the appointed auditor for Renfrewshire Heath and Social Care Integration Joint Board for a five-year period commencing in 2016/17.

### Code of Audit Practice

24. A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2016. It outlines the objectives and principles to be followed by auditors.
25. The new Code increases the transparency of our work by making more audit outputs available on Audit Scotland's website. In addition to publishing all annual audit reports, annual audit plans and other significant audit outputs will be put on the website for all audited bodies.

### Health and Social Care Integration

26. The IJB became operational on 1 April 2016 when delegated services transferred from NHS Greater Glasgow and Clyde and Renfrewshire Council. The financial results of Renfrewshire Heath and Social Care Integration Joint Board will require to be

consolidated into NHS Greater Glasgow and Clyde and Renfrewshire Council's financial statements in 2016/17.

27. Renfrewshire Heath and Social Care Integration Joint Board will have to ensure that procedures are in place for it to provide financial and non-financial information by a mutually agreed date to allow the council and health board to meet their statutory reporting obligations. In addition, Renfrewshire Heath and Social Care Integration Joint Board will need to consider what assurances are required from the council and health board systems to support disclosures in the annual financial statements.

# Financial management and sustainability

## Financial management

28. The Board does not have any non current assets and does not directly employ staff. All funding and expenditure relating to services managed by Renfrewshire Heath and Social Care Integration Joint Board is incurred by partner bodies and processed in their accounting records.

29. The Board is empowered to hold reserves. The reserves policy for the integration joint board set out the arrangements between the partners for addressing and financing any overspends or underspends.

30. The reserves policy will allocate resources it receives from Renfrewshire Council and NHS Greater Glasgow and Clyde in line with its strategic plan. Renfrewshire Heath and Social Care Integration Joint Board may also build up reserves year on year as a result of unanticipated underspends.

31. In the event of a forecast overspend, Renfrewshire Heath and Social Care Integration Joint Board may increase the payment to the overspending partner by utilising the balance on the general fund, if available.

## Financial performance 2015/16

32. The Board incurred total running costs of £0.267 million in the period from its establishment on 27 June 2015 to 31 March 2016. This expenditure was fully funded by payments from Renfrewshire Council and NHS Greater Glasgow and Clyde; costs were shared equally.

33. The costs relating to the running of the financial ledger and other financial systems were provided by the council and health board for no consideration.

## Financial management arrangements

34. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the Chief Finance Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the Board
- reports monitoring performance against budgets are accurate and provided regularly to budget holders

35. The Chief Finance Officer's appointment was ratified on 18 September 2015; she is responsible for ensuring that appropriate financial services are available to the Board and the Chief Officer.

36. We reviewed the standing orders and financial regulations, which were approved in September 2015 on the formation of Renfrewshire

Heath and Social Care Integration Joint Board. We have concluded that they are appropriate for the Board.

37. Budget monitoring reports were taken to each shadow board meeting from September onwards and we are satisfied with the arrangements Renfrewshire Heath and Social Care Integration Joint Board has put in place for monitoring performance against budgets going forward.

## Financial sustainability

### Financial planning

38. The process for determining the first year budget is set out in the integration scheme agreed between Renfrewshire Council and NHS Greater Glasgow and Clyde. The budget for 2016/17 was prepared before 1 April 2016 but not approved as the NHS budget is not approved until June each year. Renfrewshire Heath and Social Care Integration Joint Board has therefore operated without an approved budget for the beginning of the financial year. As the budget has not been approved, the strategic plan has not yet been approved.

39. The Chief Officer received details of the health allocation on 5 July 2016. This included a contribution of £70 million from Renfrewshire Council and a contribution of £142 million from NHS Greater Glasgow and Clyde.

40. There are risks to service delivery when operating without an agreed formally approved budget.

**Refer action plan point 1**

41. A review of the financial monitoring reports as at the end of July 2016 identified that the Renfrewshire Heath and Social Care Integration Joint Board is projecting a £1.378 million overspend and at present there are no plans as to how savings can be achieved to bridge this remaining gap. Renfrewshire Heath and Social Care Integration Joint Board requires to make total savings of £1.874 million in 2016/17, and has savings plans in place for £0.496 million leaving a gap of £1.378 million.

42. Balanced financial plans should be prepared in advance of the financial period to which they relate if there is to be a reasonable opportunity to realise necessary savings

**Refer action plan point 2**

43. Strategic plans, while setting out the broad direction, will need to be clear regarding the Board's priorities and the financing and staff that will be available over the longer term to match these priorities. It is important that they provide detail on the level of resources required in each key area and how they will shift resources towards preventative and community based care.

# Governance and transparency

44. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with Board members drawn from a wide range of backgrounds.

## Governance structures

45. Renfrewshire Health and Social Care Integration Joint Board was formally established on 27 June 2015 and took on operational responsibility for delegated functions and budgets as from 1 April 2016. The Board has representation from a wide range of service users and partners. This includes four elected councillors nominated by Renfrewshire Council and four members nominated by NHS Greater Glasgow and Clyde.

46. A Chief Officer and Chief Finance Officer were appointed in 2015 and these appointments ratified at the Board meeting on September 2015. The Chief Officer provides strategic and operational advice to the Board while the Chief Finance Officer is responsible for financial management including budget monitoring reports.

47. The Board is responsible for the management and delivery of health and social care services in Renfrewshire, and is supported by the audit committee that considers audit related matters. The Board meets on a regular basis - every two months.

## Strategic Plan

48. Legislation required the Board to approve a Strategic Plan by 31 March 2016 in order to take on operational responsibility for delegated functions and budgets. The Board approved their Strategic Plan on 18 March 2016, in line with legislation, but subject to approval of the budget.

49. A number of other important strands of the Board's governance framework were put in place in 2015/16. These were approved on 18 September 2015 and included:

- approval of standing orders
- appointment of internal auditors
- approval of financial regulations
- approval of a risk management strategy and risk register.

50. We conclude that the Board has developed appropriate governance arrangements in place for in 2015/16.

## Internal control

51. All financial transactions of Renfrewshire Health and Social Care Integration Joint Board are processed through the financial systems of the partner bodies, Renfrewshire Council and NHS Greater Glasgow and Clyde. These financial transactions are subject to the same controls and scrutiny as the council and health board, including the work performed by internal audit.



- 52.** As external auditor of both Renfrewshire Council and NHS Greater Glasgow and Clyde we were able to confirm that there were no weaknesses in the systems of control of the partner bodies that we require to bring to the attention of members of the integrated joint board.
- 53.** Based on the available evidence we concluded that appropriate controls have been established during the period of the integrated joint board's existence in 2015/16.

## Internal audit

- 54.** At the Board meeting in September 2015 it was agreed that the Chief Internal Auditor role would be held by the Chief Internal Auditor of Renfrewshire Council and the Internal Audit Service would be provided by Renfrewshire Council's Internal Audit team.
- 55.** We seek to rely on the work of internal audit wherever possible and as part of our routine planning process we carry out an early assessment of the internal audit function. Our review found that there are sound documentation standards and reporting procedures in place and these comply with the main requirements of the Public Sector Internal Audit Standards (PSIAS).
- 56.** Internal audit completed a review of financial governance arrangements in March 2016. They provided overall reasonable assurance and the key risks noted include the need to continue to monitor the financial risks that have been identified through the due diligence process. A recommendation was made to ensure that the

risk registers are comprehensive, transparent and regularly monitored.

## Other governance arrangements

- 57.** The Board are committed to ensuring the involvement of partner groups including community planning groups, the third sector, the independent sector and local communities. The Strategic plan and locality planning arrangements enable partners to engage in and support the delivery of the plan.

## Transparency

- 58.** Local residents should be able to hold the Board to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the Board is taking decisions and how it is using its resources.
- 59.** Full details of the meetings held by the Board are available through the Renfrewshire Council website, where access is given to all committee papers and minutes of meetings. The Board receives regular financial monitoring reports which are clear and concise.
- 60.** The Local Authority Accounts (Scotland) Regulations 2014 require that the unaudited accounts be published on the website of the authority until the date that the audited annual accounts are published. The unaudited accounts were available through Board minutes, and were also published on the authority's website. The 2014 Regulations also require the body to publish an inspection notice and we confirmed the inspection notice was published within the required timescale.

## Outlook

61. The Board needs to ensure robust governance arrangements are in place to ensure it performs effectively and is held to account for its decisions. We are satisfied that arrangements are in place for the first operation year but may require further development and refinement as the Board evolves.

# Best Value

62. In order to achieve Best Value, the Board should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

## Performance management

63. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and the Integration Scheme for the Board set out the legislative changes required to implement adult health and social care both operationally and financially. One of these is in respect of performance management arrangements.

64. The performance management report for the year was submitted to the Board meeting on 18 March 2016. The paper included a performance report which outlined the latest performance of the IJB as at the end of December 2015 in relation to a range of key performance indicators across health and social care services.

65. A Performance Management Framework for 2016/17 was provided to the Integration Joint Board in June 2016.

66. The Chief Officer has responsibility for the operational management and performance of services delegated by Renfrewshire Council and NHS Greater Glasgow and Clyde, with the exception of acute services. The Chief Officer should also ensure that processes are in place to fulfil legislative requirements (e.g. preparation of an annual performance report). Further reports on progress will be provided to the Board as the performance management system evolves.

67. Members will continue to receive Integration Joint Board Performance Reports on a quarterly basis. These reports will be presented to the Board and made available online.

68. We have concluded that the Board is progressing in implementing the performance management arrangements required under the Act. However, these arrangements are still to be fully embedded.

## National performance audit reports

69. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest; two of which are outlined below:

### 70. Changing models of health and social care report (March 2016):

This report says that transformational change is required to meet the Scottish Government's vision to shift the balance of care to more homely and community-based settings. One of the key findings in the report was that the shift to new models of care was not happening fast enough to meet the growing need, and the new models of care that are in place are generally small-scale and are not widespread.

### 71. Health and Social Care Integration (December 2015):

This report reviewed the progress made to establish new integration authorities, which will be responsible for planning joint health and social care services and managing budget totalling over £8 billion by 1 April 2016. The report highlighted that evidence suggests that integration joint boards will not be in a position to make a major impact during 2016/17. However, many integration joint boards have still to set out



clear targets and timescales showing how they will make a difference to people who use health and social care services.

72. The Chief Finance Officer reviews Audit Scotland reports, for example, the Health and Social Care Integration report (December 2015) was submitted to the Board in January 2016 for information and noting.

## Outlook

73. Renfrewshire Health and Social Care Integration Joint Board, working with Renfrewshire Council and NHS Greater Glasgow and Clyde, has a key role to play in ensuring delivery of that Scottish Government's 2020 Vision. This aims to enable everyone to live longer, healthier lives at home or in a homely setting.



# Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

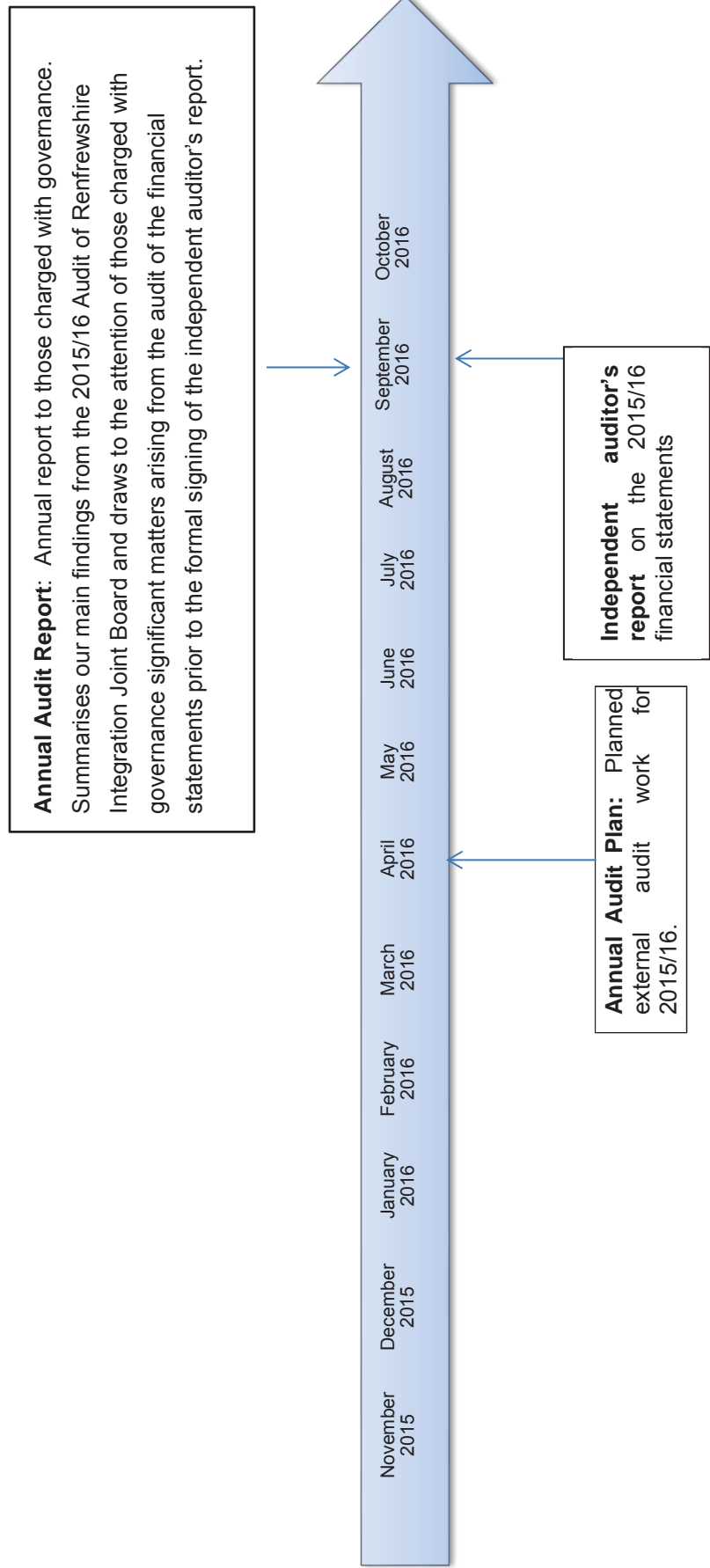
Audit Risk		Assurance procedure	Results and conclusions
Risk of material misstatement in the financial statements			
<b>Financial Statements</b> Statements for the IJB are being prepared for the first time in 2015/16. As further guidance emerges on the subject, uncertainties at present include The application of IRAG guidance to the financial statements layout and accounting entries New staff/team are preparing the accounts Preparation and allocation of senior officer costs/board members/ pension costs in the remuneration report Development of a management assurance framework to support the governance statement. There is a risk that procedures are not fully embedded to enable agreement of all transactions and balances between each body and that this may not be agreed in time to enable Renfrewshire Integration Joint Board to meet its statutory deadline for approving and reporting its annual accounts by 30 June 2016.	<ul style="list-style-type: none"> <li>Clarification of account timescales and processes.</li> <li>Review the unaudited financial statements for compliance with Integrated Resources Advisory Group (IRAG) guidance</li> <li>Early agreement and testing of transactions and balances by the respective external audit teams of RC and NHS Greater Glasgow and Clyde.</li> </ul>	<ul style="list-style-type: none"> <li>The accounts were received before the 30 June deadline per the 2014 LA Regulations</li> <li>The Board's financial statements were prepared in accordance with the requirements of the Code and IRAG guidance</li> <li>Our testing did not identify any significant issues to be reported to those charged with governance</li> </ul>	

Audit Risk	Assurance procedure	Results and conclusions
<p><b>Management Assurances</b></p> <p>The IJB income and expenditure is processed through the existing systems of Renfrewshire Council and NHS Greater Glasgow and Clyde and maintained on their respective ledgers. Therefore, the Chief Finance Officer must have adequate assurance that information received from each of these bodies is accurate and complete.</p> <p>There is a risk that the assurance framework to support the governance statement is not adequate.</p>	<ul style="list-style-type: none"> <li>We will seek ISA402 assurances from each host body auditor, covering the appropriate systems and including results of controls and substantive testing.</li> <li>We will consider the assurances provided and any impact of issues on our audit approach.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed annual governance statement disclosures and assurance framework.</li> <li>Our controls testing of Renfrewshire Council systems found no material weaknesses in the internal control systems.</li> <li>No material weaknesses in the accounting and internal control systems were identified as part of the audit of NHS GG&amp;C.</li> </ul>
<p><b>Management Override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. ISA 240 states that audit procedures should be responsive to risks related to management override of controls.</p>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries.</li> <li>Review of accounting estimates.</li> <li>Evaluation of any significant transactions that are outside the normal course of business</li> </ul>	<ul style="list-style-type: none"> <li>Our journals testing noted no issues</li> <li>All accounting estimates were considered reasonable</li> <li>There were no applicable significant transactions outside the normal course of business</li> </ul>

Audit Risk	Assurance procedure	Results and conclusions
<p><b>Part year operation of the IJB</b></p> <p>The IJB came into being on 27 June 2015 and any costs/ incomes will need to reflect this part year operation. This may mean allocating or apportioning costs on a suitable basis. There is a risk that the apportionment is not appropriate.</p>	<ul style="list-style-type: none"> <li>We will agree and verify the application and accuracy of any apportionment of salaries and other costs</li> </ul>	<ul style="list-style-type: none"> <li>Staff costs were apportioned for the period from 27 June to 31 March 2016.</li> <li>We have no issues over the apportionment of costs to report</li> </ul>



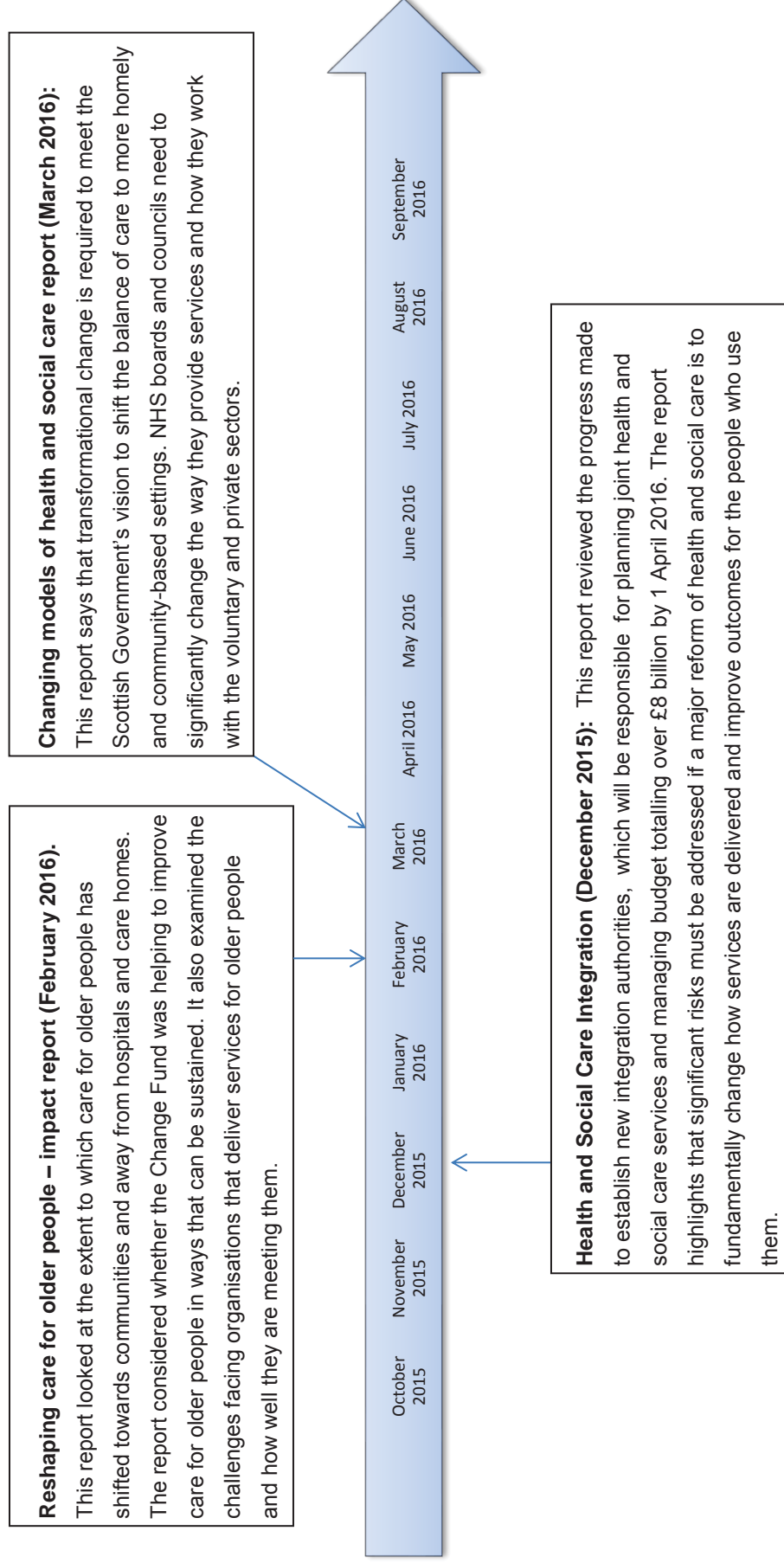
# Appendix II: Summary of Renfrewshire Health and Social Care IJB local audit reports 2015/16







# Appendix III: Summary of Audit Scotland national reports 2015/16



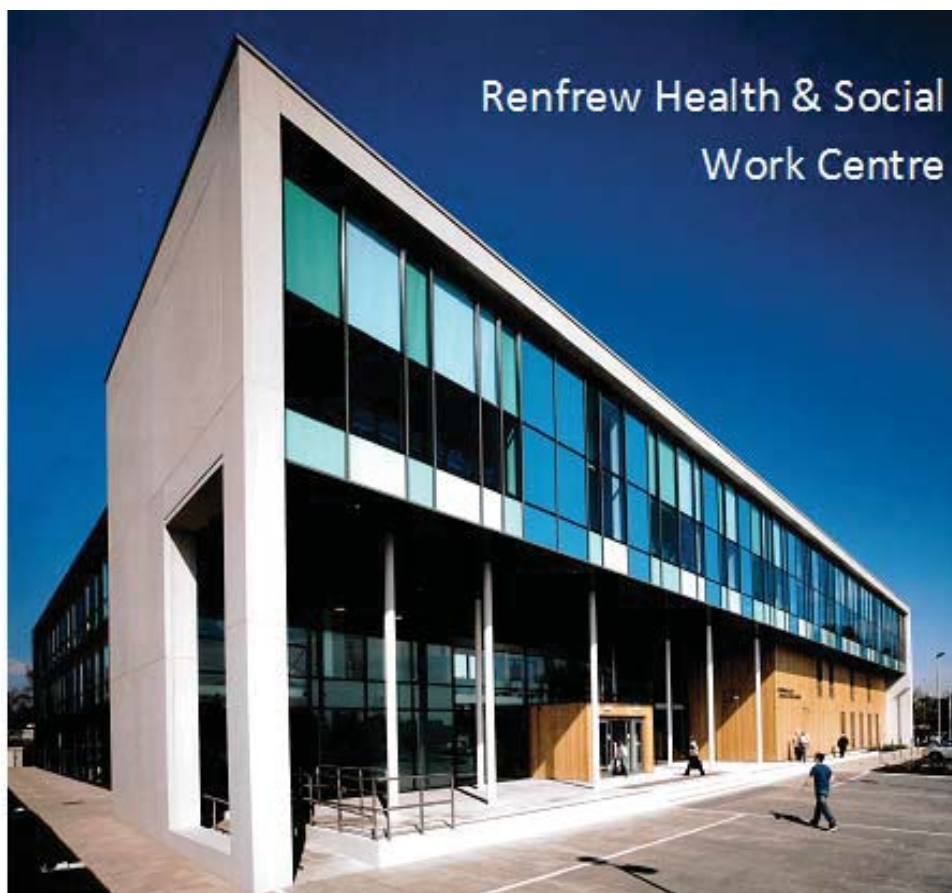


# Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	41	<p><b>Budget not approved</b></p> <p>Currently, the IJB is operating without a fully approved budget and therefore without an approved strategic plan.</p> <p>Operating without a fully approved budget makes financial management and decision making more difficult and may negatively affect the quality of service delivery.</p> <p><b>Recommendation</b></p> <p>Discussions should continue to ensure a budget and strategic plan for 2016/17 is approved as a matter of urgency.</p>	The budget and strategic plan will be approved once funding arrangements for projected overspend are clarified.	Chief Officer /Chief Finance Officer 30 September 2016
2.	44	<p><b>Savings gap</b></p> <p>The IJB requires to make savings of £1.9 million in 2016/17 and has savings plans in place for £0.5 million leaving a gap of £1.4 million.</p> <p>The IJB may not be able to deliver all the savings required in 2016/17 to maintain financial balance.</p> <p><b>Recommendation</b></p> <p>Balanced financial plans should be prepared in advance of the financial period to which they relate if there is to be a reasonable opportunity to realise necessary savings.</p>	The Chief Finance Officer has recommend to the Board that Renfrewshire Heath and Social Care Integration Joint Board should request an additional one-off payment by NHSGGC to fund any identified shortfall.	Chief Officer/ Chief Finance Officer 30 September 2016



**Renfrewshire Health and Social Care  
Integration Joint Board (IJB)  
Audited Accounts 2015/16**





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**Annual Accounts 2015-2016  
Management Commentary**

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**Introduction**

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards (IJB's) with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Renfrewshire Council and the Greater Glasgow Health Board (NHS GGC), the Renfrewshire Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers on 16 March 2015. On 27 June 2015, Scottish Ministers legally established Renfrewshire's Integration Joint Board (IJB). The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

As health and social care functions in Renfrewshire were not formally delegated to the IJB until 1 April 2016, 2015/16 was a 'Shadow Year' to allow the IJB to implement the necessary preparations for local implementation of integrated health and social care services.

This publication contains the financial statements for the first year, 'Shadow Year' of Renfrewshire IJB for the period 27 June 2015 to 31 March 2016.

**Principal Activities**

Over the shadow year, in anticipation of health and social care functions being formally delegated to the IJB on 1 April 2016, the IJB's principal role has been ensuring the necessary processes, policies and plans are in place to allow local implementation of integrated health and social care services in terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and deliver on the commitments set out within Renfrewshire's Integration Scheme.

During 2015/16 the key activities of Renfrewshire IJB included

- Appointment of its Chief Officer and Chief Finance Officer to lead integrated services and manage the joint budget;
- Agreeing the strategic Vision for the new IJB, to become a fully integrated organisation, drawing on the value of joint working in order to achieve the best possible outcomes for the people of Renfrewshire;
- Establishing a Strategic Planning Group (SPG) to ensure the interests of different local stakeholder groups are represented in relation to health and social care services within the strategic planning process.
- Development of its Strategic Plan which describes how the IJB will move towards delivering on our organisational vision – setting out the context, challenges, priorities and action plans for the new Health and Social Care Partnership for the period 2016-2019.
- Putting in place sound financial governance and assurance arrangements for the IJB in line with national guidance;
- Carrying out a due diligence process to consider the sufficiency of the social care budget being delegated from the Council and health budget delegated from NHS GGC to the IJB from 1 April 2016, in order for the IJB to carry out its delegated functions, and to meet anticipated levels of demand to ensure the Health and Social Care Partnership can proceed on a sound financial basis.
- Managing the effective delegation of the prescribed functions to the new IJB on 1 April 2016;
- Issuing Directions to the Council and NHS GGC for their respective delegated functions from 1 April 2016, as set out in Renfrewshire's Integration Scheme. The Directions are the mechanism by which the IJB instruct the constituent authority to carry out the delegated functions. These documents set out how the IJB expect the constituent bodies to deliver each function, and spend IJB resources, in line with the Strategic and Financial Plans.

On 1 April 2016 health and social care functions in Renfrewshire were formally delegated to the IJB.

**Annual Accounts 2015-2016  
Management Commentary**

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For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others – notably hospital based services and housing – this will mean planning with partners who will continue to manage and deliver the services as part of wider structures (e.g. NHS GGC Acute Sector) or via external delivery agencies (e.g. Registered Social Landlords and Housing Associations).

**The Annual Accounts 2015/16**

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015/16 Accounts have been prepared in accordance with this Code.

IJB's need to account for their spending and income in a way which complies with our legislative responsibilities.

For the 2015/16 'Shadow Year' prior to formal integration, the IJB budget to deliver Partnership Services was a net budget of £203m.

**Financial Performance**

The IJB is embedding a performance management culture throughout the Partnership. Over the next year we will work towards creating a framework of performance information which will analyse data, track progress and identify action to be taken as required. Regular performance management reports will be provided to the IJB, The Strategic Planning Group (SPG) and managers.

The IJB also embraces scrutiny including external inspection and self-assessment, and, in addition, benchmarking will be used to compare our performance with other organisations to support change and improvement.

Financial information will be part of this performance management framework with regular reporting of financial performance to the IJB.

**Financial Outlook, Risks and Plans for the Future**

On 1 April 2016 health and social care functions in Renfrewshire were formally delegated to the IJB.

The IJB has a significant financial challenge ahead to deliver better outcomes for its service users in a climate of growing demand with limited resources.

The UK economy continues to show signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. Additional funding of £250m was allocated by the Scottish Government for Health and Social Care Partnerships for 2016/17 to address social care pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted to 2018/19.

In addition to economic performance, other factors will influence the availability of funding for the public sector including Scottish and then local elections in the next two years, financial powers arising from the Scotland Act 2012, recommendations arising from the Smith Commission, the introduction of a Single Tier Pension Scheme in 2016 and the demographic challenges that Renfrewshire is facing.

The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- the health inequalities between the affluent and more deprived areas of Renfrewshire;
- the increased demand for services by vulnerable people with complex conditions;
- the pressure to shift the balance of care from hospital to community without new and additional resources;

**Annual Accounts 2015-2016  
Management Commentary**

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- the wider financial environment, with further budget pressures anticipated in future years;
- the impact of Welfare Reform on the residents of Renfrewshire and the wider impacts of child poverty;
- the need to maintain and improve the quality of our services.

It is recognised that if there are no changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore embed new ways of working and seek to focus resources away from expensive bed based models of care into community based services. We need to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients.

The IJB's Strategic Plan describes our plans for the future, and how we will move towards delivering on our organisational vision, setting out the context, challenges, priorities and action plans for the new Health and Social care Partnership for the period 2016-2019. Moving into 2016/17, we are working to proactively address the funding challenges presented while, at the same time, providing services for the residents of Renfrewshire.

**Conclusion**

In this shadow year, 2015/16, the Partnership has successfully overseen the delivery of all core services within existing resources. Going forward, Renfrewshire Health and Social Care Partnership (RHSCP) has a significant financial challenge ahead to deliver better outcomes for its service users, in line with its Strategic and Financial Plans, in a climate of growing demand with limited resources. In order to achieve, this we must identify and implement more innovative ways to deliver customer focused services cost effectively, by driving service improvement and organisational change within the HSCP through a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the HSCP. We will work with staff, managers, services and partners to lead and support service redesign reviews, to identify and implement innovative, cost effective and customer focused service delivery models and pathways, and contribute to delivering the Partnership's Strategic and Financial Plans.

**Where to Find More Information**

If you would like more information please visit our IJB website at:

[www.renfrewshire.gov.uk/integration](http://www.renfrewshire.gov.uk/integration)

Councillor Iain McMillan  
IJB Chair

16 September 2016

David Leese  
Chief Officer

16 September 2016

Sarah Lavers CPFA  
Chief Finance Officer

16 September 2016

**Annual Accounts 2015-2016  
Annual Governance Statement**

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**ANNUAL GOVERNANCE STATEMENT**

**1. Scope of Responsibility**

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

This statement explains how the IJB has complied with the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

**2. Purpose of Internal Control**

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can therefore only provide reasonable and not absolute assurance of effectiveness.

**3. Governance Framework**

The IJB comprises voting and non-voting members, the voting members comprise 4 Council Members nominated by the local authority and 4 are NHSGGC Board members. The IJB via a process of delegation from the Health Board and Local Authority and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area.

Services were delegated to the IJB on 1 April 2016. As such, 2015/2016 was a shadow year for the IJB and during this year the governance framework was established. The main features of the governance arrangements are summarised below.

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's draft Strategic Plan which sets out the key outcomes the IJB is committed to delivering with its partners.
- Performance management, monitoring of service delivery and financial governance is provided by the Health and Social Care Partnership to the IJB who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget.
- The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its health service and local authority partners. The IJB publishes information about its performance regularly as part of its public performance reporting.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation, Financial Governance arrangements; these will be subject to regular review.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team and the main Board and Audit Committee.
- The IJB follows the principles set out in CoSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and Local Authority and resources paid to its local authority and health service partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information and financial governance arrangements.
- The IJB's approach to risk management is set out in its risk management strategy, and the Corporate Risk Register. Regular reporting on risk management is undertaken and reported regularly to the Senior Management Team and the IJB.

**Annual Accounts 2015-2016  
Annual Governance Statement**

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**4. Review of Adequacy and Effectiveness**

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

The review of the IJB's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the IJB's internal control framework. The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control. There were no significant internal control issues identified by the review.

**5. Roles and Responsibilities of the Audit Committee and Chief Internal Auditor**

Board members and officers of the IJB are committed to the ensuring sound internal controls and the effective delivery of IJB services. The IJB's Audit Committee will operate in accordance with CIPFA's *Audit Committee Principles in Local Authorities in Scotland* and *Audit Committees: Practical Guidance for Local Authorities*.

The Audit Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the Audit Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in the financial year and certificates of assurance from the partner organisations. In conclusion, although no system of internal control can provide absolute assurance nor can Internal Audit give that assurance, on the basis of audit work undertaken during the reporting period, there have been no significant issues requiring disclosure in the governance statement.

Furthermore, on the basis of the audit work undertaken during the reporting period and the assurances provided by the partner organisations, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the organisation.

**6. Compliance with Best Practice**

The IJB complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The IJB's Chief Finance Officer has overall responsibility for the Partnership's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The Partnership complies with the requirements of the CIPFA Statement on "*The Role of the Head of Internal Audit in Public Organisations 2010*". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA "*Public Sector Internal Audit Standards 2013*".

**7. Continuous Improvement**

The partnership has developed a continuous improvement programme and during 2016/2017, it is planned to take forward 3 programmes of work to support the delivery of agreed outcomes in a financial stable manner:

- Delivery of 2016/17 Financial Plan and Integrated Care Fund
- Optimising integrated arrangements in line with national outcomes and shifting the balance of care (unlocking the benefits)



**Annual Accounts 2015-2016  
Annual Governance Statement**

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- Transition to new organisation (establishing HSCP business as usual arrangements)

**8. Assurance**

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify identified areas for improvement.

**Chief Officer**  
16 September 2016

**Chair**  
16 September 2016

**Annual Accounts 2015-2016  
Remuneration Report**

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities and IJB's in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

**1. Voting Board Members**

Voting IJB members constitute councillors nominated as board members by constituent authorities and NHS representatives nominated by the NHS Board. The voting members of the Renfrewshire IJB were appointed through nomination by NHS GGC and Renfrewshire Council.

Voting board members do not meet the definition of a 'relevant person' under legislation. However, in relation to the treatment of joint boards, Finance Circular 8/2011 states that best practice is to regard Convenors and Vice-Convenors as equivalent to Senior Councillors. The Chair and Vice Chair of the IJB should therefore be included in the IJB remuneration report if they receive remuneration for their roles, for Renfrewshire IJB, neither the Chair or Vice Chair receive remuneration for their roles.

The IJB does not pay allowances or remuneration to voting board members; voting board members are remunerated by their relevant IJB partner organisation.

For 2015/16 no voting board members received any form of remuneration from the IJB.

**2. IJB Chief Officer**

The appointment of an IJB Chief Officer is required by section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB is not however empowered to directly employ the Chief Officer; therefore the contract of employment must be with one of the partner organisations. Given the specific legal requirement to appoint a Chief Officer and the special legal regime that applies to the employment contract arrangements, for the purposes of the Remuneration Report, the IJB Chief Officer should be regarded as an employee of the IJB.

For Renfrewshire IJB, the Chief Officer is therefore treated as an employee of the IJB, although his contract of employment is with NHS GGC, with his post funded by the IJB. The statutory responsibility for employer pension liabilities sits with NHS GGC as the employing partner organisation. There is therefore no pension liability reflected on the IJB balance sheet for Renfrewshire IJB's Chief Officer.

**3. Senior Officers**

Other officers and staff are not regarded as employees of the IJB and are employed through either NHS GGC or Renfrewshire Council; remuneration for these staff is reported through these bodies.

The annual salaries and pension entitlement of the Relevant Person (as defined by the Local Government Finance Circular 8/2011 and LASAAC guidance on accounting for the Integration of Health and Social Care 2015/16 paragraphs 50 and 51) is shown in the following tables in bandings of £5,000. These bandings include any backdated salary payments and contributions in respect of national insurance and pensions.

2014-15 Total	Name and Post Title	Taxable Salary  (Bands of £5,000)	2015-2016 Other fees and allowances  £'000	Total Earnings in Year  (Bands of £5,000)
n/a	Chief Officer, Renfrewshire IJB : D Leese	105 - 110	0	105 - 110

**Annual Accounts 2015-2016  
Remuneration Report**

The pension entitlement for the Chief Officer for the year to 31 March 2016 is shown in the table below, together with the contribution made by NHS GGC to his pension during the year.

Name and Post Title	Accrued Pension Benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		In Year Pension Contribution For Year to 31 March 2016 £'000
	Pension	Lump Sum	Pension	Lump Sum	
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	
Chief Officer, Renfrewshire IJB : D Leese	15 - 20	50 - 55	2.5 – 5.0	7.5 - 10	17

**Chief Officer**  
16 September 2016

**Chair**  
16 September 2016



**Annual Accounts 2015-2016**

**Statement of Responsibilities for the Annual Accounts**

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**The Integrated Joint Board's Responsibilities**

The IJB is required

- To make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance Officer has been designated as that officer for the Joint Board.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on 16 September 2016.

Councillor Iain McMillan..... IJB Chair 16 September 2016

**The Chief Finance Officer' Responsibilities**

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper accounting practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation; and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the IJB at the reporting date and the transactions of the IJB for the year ended 31 March 2016.

**Sarah Lavers CPFA**  
Chief Finance Officer  
16 September 2016

**Annual Accounts 2015-2016  
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**Independent auditor's report to the members of Renfrewshire Health and Social Care Integration Joint Board and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of Renfrewshire Health and Social Care Integration Joint Board for the nine months ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Respective responsibilities of the chief finance officer and auditor**

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the chief finance officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the chief finance officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

**Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the nine months then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

**Opinion on other prescribed matters**

In my opinion:

**Annual Accounts 2015-2016  
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- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Brian Howarth  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2016

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the IJB during the year. It includes, on an accruals basis, all of the IJB's day-to-day expenses and related income.

2014-2015			Note	2015-2016		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
-	-	-				
-	-	-	Corporate and democratic core	0.267	0.267	-
-	-	-	(Surplus) or deficit on the provision of services	0.267	0.267	-
			Total comprehensive income and expenditure			
			-			

## Balance Sheet as at 31 March 2016

The balance sheet shows the value as at 31 March 2016 of the assets and liabilities recognised by the IJB. The net assets of the IJB are matched by the reserves held by the IJB.

31 March 2015 £m		Note	31 March 2016 £m
-	Short-term debtors	4	0.005
-	<b>Current assets</b>		<b>0.005</b>
-	Short-term creditors	5	(0.005)
-	<b>Current liabilities</b>		<b>(0.005)</b>
-	<b>Net assets</b>		<b>-</b>
-	Usable reserves		-
-	<b>Total reserves</b>		<b>-</b>

The unaudited accounts were issued on 24 June 2016 and the audited accounts were authorised for issue on 16 September 2016

Balance Sheet signed by:

**Sarah Lavers CPFA**  
Chief Finance Officer

## **Note 1 Accounting Policies**

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention and on a going concern basis.

### **Accruals of Expenditure and Income**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

### **Contingent Assets and Liabilities**

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

### **Events after the Balance Sheet date**

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted.

Events taking place after the date of authorisation for issue are not reflected in the Statements.

### **Prior Period Adjustments**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

### **Provisions**

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

## Reserves

Reserves are created by appropriating amounts out of the revenue balances. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

## VAT

VAT payable is included as an expense to the extent that it is not recoverable from HMRC.

## Note 2 Accounting Standards Issued not Adopted

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/2017 code:

- Amendment to IAS1 Presentation of Financial Statements (Disclosure Initiatives)
- Changes to the format of the Comprehensive Income and Expenditure Statement

The code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/2016 financial statements.

## Note 3 Events after the balance sheet date

The Chief Finance Officer, being the officer responsible for the IJB's financial affairs, signed the unaudited Annual Accounts on x June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 4 Debtors

31 March 2015 £m		31 March 2016 £m
-	Central government bodies: NHS Scotland	-
-	Other local authorities	0.005
-	Public corporations and trading funds	-
-	HM Revenue and Customs	-
-	Other entities and individuals	-
-	<b>Total debtors</b>	<b>0.005</b>

## Note 5 Creditors

31 March 2015 £m		31 March 2016 £m
-	Central government bodies: NHS Scotland	-
-	Other local authorities	-
-	Public corporations and trading funds	-
-	HM Revenue and Customs	-
-	Other entities and individuals	0.005
-	<b>Total debtors</b>	<b>0.005</b>

## Note 6 Related parties

The IJB's related parties are those bodies or individuals that have the potential to control or significantly influence the IJB, or to be controlled or significantly influenced by the IJB, or where those individuals or bodies and the IJB are subject to common control. The IJB is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with them.

### Greater Glasgow and Clyde NHS and Renfrewshire Council

Greater Glasgow and Clyde NHS and Renfrewshire Council provide all of the Board's funding and all costs are shared equally between these two partners.

## Note 7 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015-2016 were £0.005 million. There were no fees paid to Audit Scotland in respect of any other services.

## Note 8 Contingent assets and liabilities

8.1 A contingent asset or liability arises where an event has taken place that gives the IJB a potential obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent assets or liabilities also arise where a provision would otherwise be made but, either it is not probable that an outflow of resource will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts when they are deemed to be material.

### 8.2 Clinical and Medical Negligence

Renfrewshire IJB provides clinical services to patients under the statutory responsibility of NHSGGC. In connection with this, it is responsible for any claims for medical negligence arising from the services it commissions, up to a specific threshold per claim. For claims in excess of this threshold NHSGGC and IJB are



members of the 'Clinical Negligence and Other Risks Indemnity Scheme' (CNORIS). This is a risk transfer and financing scheme which was established in 1999 for NHS organisations in Scotland, the primary objective of which is to provide a cost effective risk pooling and claims management arrangement for those organisations which it covers.

The Regulations governing the CNORIS Scheme were amended on 3 April 2015 so that Integration Joint Boards and Local Authorities could apply to the Scottish Ministers to become members of the Scheme.

CNORIS provides indemnity to member organisations in relation to Employer's Liability, Public/ Product Liability and Professional Indemnity type risks (inter alia) no less wider than that generally available within the commercial insurance market.

NHS Greater Glasgow and Clyde (through CNORIS) and Renfrewshire Council (through AIG) already have relevant insurance cover in place; this will remain in place to cover the employees who are employed by and the services that are delivered by those organisations.

Renfrewshire IJB have joined the CNORIS scheme to cover for Board members at this stage. The NHS Board is currently meeting the financial contribution on behalf of all NHS GGC IJB's, which is presently set at £3,000 per annum per IJB.

The IJB are required to make provision for any claims notified by the NHS Central Legal Office according to the value and probability of settlement. Where a claim is not provided for in full, the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.